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98th Congress, 2d Session - - - - - - - - - - - - House Report 98-1175

PROGRESS IN AGING: THE 98th CONGRESS

ORIGINAL

A REPORT

ON THE ACTIVITIES OF THE SELECT COMMITTEE ON AGING DURING THE 98th CONGRESS

BY THE

SELECT COMMITTEE ON AGING

U.S. HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

DECEMBER 1984

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LETTER OF TRANSMITTAL

SELECT COMMITTEE ON AGING,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, December 30, 1984.

Hon. BENJAMIN J. GUTHRIE,
Clerk, U.S. Capitol, U.S. House of Representatives, Washington, DC.

DEAR MR. GUTHRIE: In accordance with House Rule XI, I am hereby transmitting to you a summary of Aging Committee activities during the 98th Congress.

With warmest personal regards.

Sincerely,

EDWARD R. ROYBAL, *Chairman.*

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Union Calendar No. 658

98TH CONGRESS
2d Session

REPORT
98-1175

PROGRESS IN AGING: THE 98TH CONGRESS

DECEMBER 21, 1984.—Continued to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROYBAL, from the Select Committee on Aging, submitted the following

REPORT

ON THE ACTIVITIES OF THE SELECT COMMITTEE ON AGING DURING THE 98TH CONGRESS

I. INTRODUCTION

The House Select Committee on Aging in its 9th year continues to pursue its mission of examining and recommending solutions to the problems and concerns which confront older Americans.

During the 98th Congress, the Committee has had the opportunity to meaningfully involve itself in the issues of the administration of social security disability benefits, the termination of overfunded pension plans and the reversion of excess assets, a review of the medicare, medicaid benefit reductions, the reauthorization of the Older Americans Act, an examination of Alzheimer's disease and related disorders and other issues of importance to the health, welfare and well being of older Americans.

The materials reviewed herein topically describe the various activities that the Select Committee and its Subcommittees have undertaken to review and advocate for those issues of importance to this Nation's elderly.

During the 98th Congress, the Select Committee conducted 38 hearings and produced 12 reports (12 Washington hearings and 26 field hearings). The Subcommittee on Retirement Income and Employment held 11 field hearings. The Subcommittee on Health and Long-Term Care conducted 22 hearings and produced 5 reports (12 Washington hearings and 10 field hearings). The Subcommittee on Housing and Consumer Interests held 10 hearings (4 Washington hearings and 6 field hearings). The Subcommittee on Human Serv-

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ices held 15 hearings and produced 1 report (4 Washington hearings and 11 field hearings). The Task Force on Rural Elderly held 1 field hearing and produced 2 reports. The Task Force on Social Security and Women held 2 Washington hearings.

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FULL COMMITTEE ACTIVITIES DURING THE 98TH CONGRESS

Health

During the 98th Congress, the full Committee engaged in a number of activities supporting the health of older persons. These health activities covered such areas as biomedical research, health services and financing research, grants for health services (including prevention), Medicaid, and Medicare. Much of the Committee's activity in the 98th Congress focused on preserving the benefits and funding levels enacted in previous Congresses. Several activities were initiated in the 98th Congress in areas such as Medicare assignment, gaps in health care, employee health benefits, international health care, Medicare and Medicaid reform, national health plans, health care financing research, quality of health care, Ad-

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ministration's use of regulations, and Health Maintenance Organizations.

Medicare and Medicaid benefit cuts.—The major activity of the Committee was the ongoing battle to preserve current levels of benefits and funding. Throughout the 98th Congress, the Administration continued to pursue its agenda of reducing or freezing funding level. While all areas affecting the elderly and poor were cut, the major struggle revolved around the Medicare and Medicaid programs. Medicare and Medicaid proposed and enacted cuts were analyzed for the period 1981 through 1984. The Committee conducted a hearing ("The State of the Elderly: The Financial Burden of Health Care") on the cuts and developed alternatives to cutting benefits. Several documents were produced including the "The State of the Elderly: The Financial Burden of Health Care" and "Deficit Reduction: Impact on the Aged and Poor." The Committee developed a study of the elderly's health care costs and projected those costs for the near future. A series of fact sheets were produced which laid out the financial problems faced by the elderly and poor when it comes to paying for needed health care. During the debate on the Medicare and Medicaid budget, the Committee worked closely with both the Ways and Means Committee and the Energy and Commerce Committee to prevent benefit cuts. Several "Dear Colleague" letters were sent and discussions were held with a large number of Congressional offices. The Committee produced several press releases which documented the financial problems of America's elderly and poor and were critical of efforts to reduce benefits.

In preparation for the 99th Congress, the Committee has begun to analyze the proposals being made by the Administration for cutting Medicare and Medicaid further.

Medicare and Medicaid reform.—Going beyond the immediate issue of preventing benefit cuts, the Committee began to work on ways to reform the Medicare and Medicaid programs. The Committee conducted a background study on the gaps in existing programs which affect the elderly, minorities, and the poor. A California field hearing ("Health Care for Elders: Alternative Futures") was held to look at different ways to deal with the problems facing Medicare and Medicaid. In addition, the Committee analyzed the major pieces of reform legislation under current consideration. Based upon this analysis, they began work on reform proposals that not only address cost containment, but also address the growing problem of quality of care and the unresolved problem of financial access. As a result of the analysis, a comprehensive Medicare and Medicaid reform bill was developed and will be introduced in the 99th Congress. The Committee also evaluated several proposals for a national health plan and will be preparing legislation in this area for the 99th Congress as well.

Medicare Assignment.—On particularly urgent area of Medicare reform was the need to increase the assignment rate under Medicare. In this area, legislation (H.R. 5169—Fair Physician Payment Act) was introduced by the Chairman to require physicians to accept assignment as a condition of participating in Medicare. The Committee worked on behalf of a Ways and Means measure which would have also required Medicare assignment for inpatient care.

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The Committee has supported such legislation through its development of background studies, press releases and "Dear Colleagues".

Health maintenance organizations.—Another area of Medicare reform is the development of Health Maintenance Organizations for the elderly. The Committee conducted a Florida hearing ("Health Maintenance Organizations and the Elderly: Promises, Problems, and Prospects") for the purpose of assessing how well HMOs are serving the elderly. The results of the hearing and discussion with elderly organizations and HMOs have been used by the Committee to press for better regulations governing the new HMO program and for improvements in the administration of the HMO program by HCFA. The Committee also worked with HMO demonstration projects and HCFA to improve the process for converting demonstration projects into regular HMO contracts under the Tax Equity and Fiscal Responsibility Act of 1982.

International perspective on health care.—The Committee developed a report on the experiences of other nations with respect to the financing and delivery of health care services. The results of the study were released in a hearing ("International Perspective on Health Care: Learning from Other Nations") and published in a document entitled "World Health Systems: Lessons for the United States." Conclusions from this study will be incorporated into several legislative proposals to be introduced in the 99th Congress.

Alzheimer's disease and related disorders.—Alzheimer's disease remained the major health concern of the Committee. A Washington hearing ("Senility: The Last Stereotype") and a Florida hearing ("Alzheimer's Disease") were held to focus attention on the problem for the victim and their families. As a result of this hearing and work with key constituent organizations, the Chairman as a member of the Appropriations Committee obtained over $8 million in additional funding (fiscal years 1984 and 1985) for Alzheimer's research. He was also instrumental in obtaining additional funds for education and training in gerontology and geriatrics. The Chairman introduced H.R. 4094 (Mental Health Specialist Act) as a means to make more mental health services available to the elderly at a lower cost.

Federal regulations.—As part of its oversight function, the Committee has continued to minitor the Administration's use of regulations. For example, the Committee held a hearing ("Proposed Hospice Regulations") in May 1983 on the proposed hospice regulations. As a result of the hearings, the Committee pressed for revisions in those regulations. The Committee has also pressed for changes in Medicaid "spend-down" requirements and in rules for participation of Health Maintenance Organizations in Medicare.

Health care research, demonstrations and waivers.—Another area for oversight has been the Health Care Financing Administration (HCFA) and its research, demonstrations and waivers. In particular, the Committee has been concerned with projects in the areas of Health Maintenance Organization, Social Health Maintenance Organizations, clinical social worker, preventive health, and state-based cost containment. Over the last year, the Committee has monitored their activities and had the General Accounting Office conduct a study of HCFA's use of appropriated funds. The Committee has also been pressuring HCFA to ensure that mandated re-

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search, demonstrations and waivers are carried out consistent with Congressional intent.

Retiree health benefit reductions.—In the area of employee health benefits, the Committee has been studying those corporations which have been attempting to reduce or abandon their commitments to providing health care benefits to their retirees. A Washington hearing ("Corporate Retiree Health Benefits: Here Today, Gone Tomorrow?") was held in June 1984. The Committee has also been monitoring the impact on retirees when public agencies have withdrawn from the Social Security system and the Medicare program. In this case, the primary interest is in those cases when health care benefits were withdrawn and when retirees were forced to pay a penalty for late enrollment in Medicare.

In addition to the activities described above, the Committee held the following hearings: "Exploring Trends in Long-Term Care: Adult Day Care and Other Options", "Use and Misuse of Drugs Among the Elderly", "Elderly: Alcohol and Drugs", and "Medicare and Acupuncture." The Committee gave a larger number of speeches on topics such as the financial burden of health care, the need for Medicare and Medicaid reform, the unresolved issue of long term care, and the problems facing the Alzheimer's disease victims and their families.

Housing

During this last Congress, the Committee has been diligent in its efforts to ensure that the rights of the elderly in public housing are protected. After holding a Congressional oversight hearing which investigated certain improprieties regarding the prepayment of a Section 202 (housing for the elderly and handicapped) mortgage, the Committee was successful in placing prohibitive language in the omnibus housing authorization bill in order to clarifying existing law and protect elderly tenants.

As for shared housing, the Chairman developed legislation which would prohibit the loss of benefits for elderly or disabled persons who choose to live in an intergenerational shared housing arrangement. Such benefits would include: Section 8 Lower Income Rental Assistance; Food stamps; SSI; or the IRS capital gains tax exemption of $125,000 on the sale of a principal residence. The Banking Committee, ultimately incorporated language from the Chairman's bill regarding the allowance of Section 8 assistance for individuals who share housing.

The Chairman also lobbied for 14,000 units of Section 202 housing for the elderly and handicapped to be included in the omnibus housing authorization. During the appropriations process, he worked to maintain funding at the authorized level.

The Congregate Housing Services Program, which provides services to the elderly as an alternative to unnecessary and costly institutionalization, was unintentionally left out of the omnibus housing authorization. The Chairman, therefore, lobbied strongly for the $4.1 million included in the HUD appropriations bill to ensure this vital program's existence.

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Social services

Social service programs which the full Committee actively sought support for throughout this last Congress are as follows: the Older Americans Act programs; the Older American Volunteer Programs; VISTA programs; Community Service Block Grants, Social Service Block Grants, and Congregate Housing Services Program; Rehabilitation Act services (handicapped and older blind, visually impaired and deaf services); intergenerational programs (educational and support network activities); low income energy and weatherization assistance; food stamps and senior feeding programs; and legal services.

The Committee has developed an extensive record documenting the social service needs of older persons through a nationwide series of field hearings. During the recent reauthorization of the Older Americans Act, the primary vehicle for social service delivery to all older Americans, the full Committee held several hearings in order to document and assure that the underserved are reached and those currently assisted are served better. Based on the information and testimony provided during the Committee hearings, the Chairman successfully lobbied for an increased authorization, the inclusion of language which specifies that the needs of low-income and minority elderly be given special attention, and changes to increase the eligibility criteria used for Title VI (Grants to Indians). Each of the Titles under the Older Americans Act were reviewed and an assessment was prepared as to the effectiveness of each. Recommendations were developed and used as a basis for amendments made during the reauthorization. Most specifically, Title's III, IV and V were of special concern since the Administration had proposed severe cuts in funding and/or elimination of them. The Committee successfully lobbied for increased authorizations for each Title, along with specific changes in the legislation with regard to increased focus on the underserved. The Chairman also co-sponsored and supported the inclusion of the new Title VII to provide health promotion services to seniors through schools of Public Health. The Chairman as a member of the House Appropriations Committee, supported and advocated increased funding for Older Americans Act programs with specific emphasis on home delivered meals, social services and research.

The Committee has successfully lobbied against various proposed regulations regarding the Administration's efforts to tighten eligibility criteria that would negatively affect the elderly. For example, the Committee successfully blocked the Legal Services Corporation's proposed regulations which if enacted, would severely restrict the eligibility of over 3 million elderly from access to legal services. As for energy issues, the Committee lobbied for the inclusion of $1.875 billion in the Supplemental Appropriations Bill for Low Income Energy Assistance Programs (LIEAP). And later, for an additional $200 million in a second supplemental.

In the area of technology, the full Committee held a hearing entitled "Technology and its Benefits for an Aging Population." The purpose of this hearing was to determine how technology can be utilized to improve the quality of life for the older population now and in the future. Also, this hearing emphasized the many ethical

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considerations which surround such technological innovation. The Committee has also completed work with the Congressional Clearinghouse on the Future and published an information booklet on the social, public policy, economic, and technological trends related to an aging population.

Two publications that are of special interest to Members and senior constituents have been published by the Committee. First, "Highlights of Legislation Affecting the Elderly", Select Committee on Aging, 98th Congress, first session, catalogues proposals, enacted or currently being considered, which have a major impact on older Americans. Work on the second session edition is currently being completed and will also be published by the the Committee. And second, "Federal Programs Benefiting the Elderly", Select Committee on Aging, 98th Congress describes and lists by category the federal programs that serve the elderly.

The Committee also has again published the "Area Agency on Aging Directory", Select Committee on Aging, 98th Congress. This publication provides a full listing of each State Office and Area Agency on Aging, complete with geographical distribution maps, addresses and contact person to call or write for information.

Consumer issues

The Committee was actively involved in securing the adoption of the Federal Trade Commission's "Funeral Rule". This activity involved working with numerous advocate organizations and the holding of a hearing on "The Funeral Industry and the Elderly". The Committee served as a focal point for information and a resource on this issue to members and their staffs. The Committee has prepared a funeral consumer guide book which will be available to members of the public.

Staff also assisted the Consumer Product Safety Commission develop the basis for a proposed CPSC study on safety with regard to the elderly.

Employee pension and welfare benefits

During the 98th Congress, the full Committee engaged in a number of activities supporting the benefit security of older persons from private retirement and welfare benefit programs. Generally, employee benefits cover those programs of benefits offered by private employers that provide to employees pensions benefits, health and hospitalization benefits, savings programs and other generic welfare benefits provided to employees. The thrust of the activities in this area during the 98th Congress was to better assure that these programs of benefits were maintained and that various attempts to dilute either the protections afforded under the Employee Retirement Income Security Act of 1974 (ERISA) or the monetary benefits afforded under these welfare benefits programs, not be reduced. These activities included the conduct of full Committee hearings, issuance of reports, and the introduction of substantive legislation.

Women's pension equity.—On June 14, 1983 the Select Committee held a hearing on women's pension equity which involved testimony from representatives of various women's organizations, Lou Harris and statements by The Honorable Geraldine Ferraro a

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member of the Committee and principle sponsor of the Retirement Equity Act. The hearing examined a number of inequities which face women in their attempt to secure adequate retirement income either for themselves or as a spouse to a working family member. Testimony and support from this hearing was helpful in speeding passage of the Retirement Equity Act in 1984 by the Congress.

Plan terminations and reversions.—One of the major initiatives pursued by the Committee during the 98th Congress was an examination of the increasing use by employers of terminating their overfunded defined benefit pension plans to recover so-called "excess assets" from the plan. Over a five year period, employers through such terminations have recovered in excess $3 billion in former plan assets and presently, an additional almost $1 billion in proposed terminations are pending. Such terminations result in the loss of anticipated pension benefits to workers and the loss of potential cost of living adjustments to retirees. Within the last five years 313 corporations have terminated their overfunded plans and received at least $1 million each. Nearly 400,000 workers have been affected and thousands more may lose potential benefits unless the Congress enacts appropriate legislation to control such terminations.

The Committee conducted a hearing on September 3, 1983 on "Plan Asset Raids" which focused on the termination of the overfunded plan of Harper and Row Publishers and the effects on the benefit security of their workers covered under that plan. Moreover, the hearing focused on the positions taken by U.S. Department of Labor and Internal Revenue Service regarding their respective administrative responsibility under ERISA and the tax code regarding such overfunded terminations. The Administration has issued so called "guidelines" regarding overfunded terminations which permit the use of spin off and termination reestablishment terminations to affect an overfunded termination. Substantial legal questions remain regarding the authority to permit such spin off and reestablishment terminations.

Chairman Roybal has interduced the Plan Termination and Reversion Control Act of 1984, H.R. 6404, which will provide strict controls on the recovery of excess assets in an overfunded termination. Specifically, the bill sets up a "business necessity" test for overfunded terminations wherein, if the termination is not for business necessity then the excess assets must be ratably distributed to workers nearing retirement and to retirees to provide a cost of living adjustment. This legislation will be reintroduced in the first session of the 99th Congress.

Termination of retiree health and hospitalization benefits.—The Committee on July 23, 1984 conducted a hearing on the effects of the growing trend of some employers to terminate health and hospitalization insurance to their retired workers. Testimony by public witnesses indicated that the abrupt termination of hospitalization coverage resulted in the loss of savings, emotional security and in some instances, an interdiction of the health of these retirees due to the loss of these benefits. Representatives of the Department of Labor testified that the termination of these benefits by employers, in many instances, fall outside of their jurisdiction under ERISA

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and that employers are essentially free to terminate such benefits at will.

The Committee reviewed briefly such alternatives to the maintenance of these programs as prefunding of benefits, legislation which will enforce the employers obligation to provide benefits in retirement and several other alternatives which would better assure the maintenance of these benefits to retirees.

The Committee will continue its focus in this vital area and will seek to monitor these terminations and suggest, if appropriate, some legislative treatment to protect retirees from the loss of these critically important benefits.

Pension accrual after age 65.—The Committee has for some time focused attention on the plight of those workers who continue in employment after age 65 but, who no longer receive any additional accruals for their pension from this continued employment. The Committee has worked closely with the Labor Subcommittee of the House to conduct a hearing and focus attention on the plight of these workers. A recent hearing by this subcommittee indicated that the EEOC is now interested in revising its administrative position under the Age Discrimination in Employment Act (ADEA). Specifically, the Commission is recommending the publication of a rule which would require employers to provide continuing accurals to workers continuing in employment after age 65. Such a rule would be a significant step forward in eliminating an unwarranted form of age discrimination which is still tolerated under federal law. However, legislation may still be needed to amend ERISA so that there is not a conflict in law between ADEA and the present interpretation of ERISA which indicates that employers need not extend accrual to workers after age 65. The Committee will continue to closely monitor the progress of these events.

The national pension forum.—The U.S. Department of Labor under the direction of Secretary Donovan has appointed a national forum to examine the Department's administration of ERISA at its 10th Anniversary. Speaker O'Neill has appointed Chairman Roybal as a congressional member to this panel. It is hoped that this panel will recommend a number of both administrative and legislative recommendations to enhance the administration of the federal pension law.

Proposal to eliminate the summary plan description (SPD).—The Department had proposed in 1984 to eliminate the requirement to provide an updated SPD to participants at the 5th year after any modification or change in the requirements of the plan. The removal of the SPD update requirement would have represented a substantial reduction in the protection afforded by ERISA to participants covered under a plan. The Chairman through correspondence to the Department indicated the need to maintain the update requirement for summary plan descriptions and, in fact, the Department finally concluded that it would maintain this requirement under the law.

White House Conference on Aging investigation

White House Conferences on Aging (WHCOA) historically have been held every 10 years. The 1981 Conference brought together over 2200 elderly delegates from across the country to recommend

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national goals and policies needed during the 1980's, to further the well-being and quality of life of older Americans. During the spring of 1981, as part of the Administration's efforts to reform and strengthen the financial condition of the Social Security trust funds, President Reagan proposed to reduce Social Security benefits by $82 billion over the next five years. This proposal created a furor of criticism that lasted throughout the period leading up to the White House Conference on Aging. Based on allegations of impropriety regarding Conference activities, the Select Committee requested the assistance of the General Accounting Office (GAO) to investigate these and other allegations affecting the Conference. Based on the joint efforts of the Committee and GAO the Committee concluded its investigation with a report by the Chairman, "The Politicization of the 1981 White House Conference on Aging." The report concludes in part that: (1) Inappropriate efforts to control and influence the 1981 Aging Conference were made by Republican National Committee and WHCOA staff, (2) WHCOA staff classified delegates as "favorables" and "not favorables" on the basis of their political and organizational affiliations, (3) Manual changes to committee assignments were made to assure a majority of favorable delegates to key committees, and (4) That the purpose for the RNC's payment to a consulting firm with ties to the RNC whose partner provided logistical and management direction to the Conference remains unresolved.

Older worker employment

During the 98th Congress the Committee continued its oversight activities with regard to employment opportunities for older persons. Major areas of focus included: age discrimination; mandatory retirement; job training; disincentives to continued employment; incentives for employing older workers; alternative work opportunities; and public programs such as the Job Training Partnership Act and the Senior Community Service Employment Program. The major thrust of the Committee's activities was to work toward eliminating the many significant obstacles to older worker employment. In addition to providing information to the business community concerning the benefits and cost-effectiveness of older workers, Committee activities included holding field hearings, preparing Committee reports and analyses, and introducing substantive legislation.

The "EEOC vs. Wyoming" court case extended the application of the Age Discrimination in Employment Act (ADEA) to the states. Consequently, state and local public safety organizations are covered by the ADEA, but certain Federal agencies are exempt and are able to mandatorily retire personnel based solely on their age. With the assistance of doctors, physiologists, and the Equal Employment Opportunity Commission, a Committee report entitled "The Myths and Realities of Age Limits for Law Enforcement and Firefighting Personnel" was compiled. The report reviews the best research and information available concerning public service personnel, mandatory retirement, and public safety and is scheduled to be printed by the opening of the 99th Congress.

During the 98th Congress, the Committee continued its work toward replacing age discrimination and mandatory retirement

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with a system that retains healthy, able individuals without regard to age. The Chairman introduced legislation to eliminate the age 70 mandatory retirement age.

Some of the barriers to older worker employment are the result of Federal statutes and administrative policies. For instance, the ADEA allows employers to stop contributing to a worker's pension plan when he or she reaches age 65, despite other protections against age discrimination up to age 70. The Chairman introduced legislation to require continued pension accruals for persons who work beyond age 65.

Airline Pilots

During the 98th Congress the Committee continued its activities in support of recertification of airline pilots and engineeers who had attained age 60 and were excluded from their previous flight activity under the "age 60 rule" of the FAA. Various discussions with representatives of airline pilots and engineers and officials of FAA were held to determine whether the age 60 rule could be modified or eliminated or whether legislation would be needed to eliminate the adverse impact of the age 60 rule. The Committee will pursue its efforts to ensure that individuals who can adequately perform their flight and engineer responsibilities will have an opportunity to be recertified for their appropriate classifications. A hearing on November 16, 1983 on the "Administration's Proposal to Extend Mandatory Retirement to Flight Engineers" was successful in preventing the FAA from extending the age 60 rule to flight engineers.

Subcommittee Activities During the 98th Congress

SUBCOMMITTEE ON RETIREMENT INCOME AND EMPLOYMENT

The Subcommittee on Retirement Income and Employment is charged with oversight responsibility for all governmental and nongovernmental programs which affect the financial well-being of older Americans.

The Subcommittee's jurisdiction includes all public income maintenance programs such as Social Security, Supplemental Security Income, Veterans payments, Unemployment Insurance, and Railroad Retirement. It also includes all employer/employee funded retirement income programs such as private pensions, Civil Service Retirement, Keoghs, and Individual Retirement Accounts. Public employment programs, such as Title V of the Older Americans Act and private employment issues such as age discrimination, fall within the Subcommittee's jurisdiction.

Other issues which pertain to the Subcommittee are federal tax policy, private insurance products, preretirement planning, wealth accumulation, and the economic status of the aged including their relative income levels and spending patterns.

In addition, the Subcommittee is the contact point for the staffs of the Committee's Task Force on Women and Social Security, and the Task Force on the Rural Elderly.

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During the 97th Congress, the Subcommittee focused its activities on the impact of legislative and administrative changes in retirement income programs.

The major issue areas where the Subcommittee conducted hearings and issued reports and analyses included: 1) the impact of the refinancing of the Social Security System on taxpayers and beneficiaries; 2) the effect of the accelerated implementation of the continuing disability reviews on beneficiaries and on the administrative capacity of the Social Security Administration; 3) the reduction in benefit levels caused by the "Notch" and its affect on the economic security of current and future retirees; 4) the necessity to insulate the administration of the Social Security system from political pressures through a board governed agency; 5) changes in other governmental policies which affect the financial well being of older Americans, such as, older worker, and the affect of changes in the Civil Service Retirement System on the income security of current federal retirees and employees.

Social Security financing

The 1983 Social Security/Medicare Financing Amendments produced additional income and/or savings of approximately $200 billion during the remainder of the 1980's. The Subcommittee monitored the progress of the Amendments and produced analyses which the Chairman distributed to all Committee Members.

Two field hearings, and a third in Washington, were held to assess the recommendations. The Chairman issued a report analyzing the effects of the long-term solutions. Subsequent to the Amendments, the Subcommittee analyzed the July 1983 and April 1984 Trustees' report and the Chairman distributed these analyses to the Members of the Committee.

Social Security disability

The Subcommittee researched the problems stemming from the implementation of the continuing disability reviews and especially focused on how the states, which actually make the eligibility determinations, have reacted to the strict federal guidelines.

The Subcommittee held 7 hearings in 5 states and Washington, D.C. The Chairman informed the Congress by testimony at the relevant Committees, inserts in The Congressional Record, and Dear Colleague letters about the states and Federal Court actions against the Executive branch's initiatives. The Chairman transmitted specific recommendations to the Secretary of HHS and the Acting Commissioner of the Social Security Administration (SSA) and several Governors and the NGA. Subsequently, SSA implemented, at least partially, many of the changes advocated by the Chairman and several Governors issued Executive orders altering or halting the federal reviews. In addition, many of the Chairman's other recommendations were included in the Disability Benefit Reform Act of 1984 (P.L. 98-460).

Social Security benefit levels: The Notch

The Social Security Amendments of 1977 changed the benefit calculation formula, and because of flaws in the transition formula, reduced benefit levels by more than 10 percent in the first year of

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its implementation. Over five million current beneficiaries and at least 4 million future retirees are affected.

During 1983, the Subcommittee studied the problem and devised an alternative transition formula which the Chairman brought to the attention of the House in the form of a legislative proposal H.R. 4093. At the end of the 98th Congress H.R. 4093 had 63 cosponsors. The Subcommittee held 4 field hearings focusing on the effect of the reduction in benefit levels on the economic security of future retirees. Withnesses provided specific case examples of benefit reductions caused by the Notch. The Subcommittee has provided the relevant committees of the House with information to address this problem.

Independent Social Security Administration

The Social Security Amendments of 1983 mandated a feasibility study on the implementation of establishing the Social Security Administration as an independent agency.

The Subcommittee analyzed the recommendations of the panel study, and prepared an alternative organizational structure which the Chairman brought to the attention of the House in the form of a legislative proposal. The Chairman and Senator Pryor submitted a joint statement on their legislation (H.R. 5904/S.2778) to establish an independent board governed Social Security Administration to a hearing of the Subcommittee on Social Security of Ways and Means. The Subcommittee disseminated this proposal to outside groups for their input and endorsement. The Social Security Management Association, and Employee Union as well as most aging organizations endorsed the major aspects of Mr. Roybal's bill at the hearing.

Supplemental Security Income (SSI)

The Subcommittee worked with the Ways and Means Committee and outside organizations to develop legislation improving the SSI program. The Chairman was an original cosponsor of the SSI Amendments of 1984 the major provisions of which were included in the Deficit Reduction Act of 1984. The remaining provisions passed the House, but died in the Senate, at the end of the session.

Civil Service Retirement

The Social Security Amendments of 1983 mandated that all new Federal employees be covered by Social Security. A supplemental Civil Service Retirement System will need to be developed for new employees.

The Subcommittee maintained contact with relevant Committees and outside organizations to determine what immediate affects these changes will have on the income security of current Federal retirees and employees. The Subcommittee analyzed and reported on the effects of the President's proposed budgets for the Civil Service Retirement System on current and future annuitants. In addition, the Subcommittee received the GAO report, requested by the Chairman, on the prevailing practices of non-governmental retirement programs, so as to lay the groundwork for the development of the supplemental system.

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Tax guide

The Subcommittee studied the new tax laws and published a tax guide designed to emphasize issues directly affecting senior citizens.

A provision in the Social Security Amendments of 1983 requires Social Security benefits for higher incomes to be taxed for income tax purposes. The 1985 tax guide, currently being prepared, will include a detailed explanation of the taxation of benefits.

Task Force on Women and Social Security

The Chairman reconstituted the Task Force, in the 98th Congress, Chaired by Mary Rose Oakar of Ohio, to continue its work in examining the need to better serve women under Social Security.

The Social Security Amendments of 1983 eliminated many of the overt gender based distinctions, as advocated by the Task Force since 1979. It also required the Social Security Administration to review legislation, introduced by Ms. Oakar which implements a proposal to share earnings between spouses for Social Security benefit calculation purposes. The Task Force held two hearings on the proposal and the progress of the Social Security Administration's report and worked with the Center for Women's Policy Studies, which is preparing its own report on earning sharing for the Committee.

Task Force on the Rural Elderly

The Chairman reconstituted the Task Force and appointed Mike Synar of Oklahoma chairman. Out of its work three reports were published on the status of rural elderly and an evaluation of differences in needs and services between the rural and urban elderly.

Field hearings were held in New Mexico and Oklahoma concerning rural health care. Based on information from the New Mexico hearing and earlier investigations the Subcommittee recommended and the Chairman obtained funding for construction of a hospital in the Navajo nation.

SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE

The Subcommittee on Health and Long-Term care, to which 28 Members of the Congress (17 Democrats and 11 Republicans) were appointed at the beginning of the 98th Congress, is responsible for undertaking research, oversight and investigative activities regarding health care problems facing older Americans, including health programs and health facilities, general health care issues and specific health concerns, health research and developments, health insurance, and health care delivery alternatives, health legislation and the administration of health care programs, among others.

During the course of the second session of the 98th Congress, the Health Subcommittee held 9 hearings (3 field hearings, and 6 hearings in Washington, D.C.); drafted 4 Committee prints; prepared approximately 52 weekly syndicated columns on aging for the Chairman; monitored numerous legislative measures of interest to older Americans; briefed Members of Congress and their staffs on health-related issues; responded to approximately 500 telephone and written requests for information on legislative and administrative ac-

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tions affecting older Americans on a weekly basis; drafted numerous Congressional record statements, press releases and amendments related to timely legislative matters under consideration by the Congress; among numerous other legislative, oversight and research activities. On an ongoing basis, the Subcommittee provided graduates, undergraduates, and working health care professionals with the opportunity to assist in the development of hearings, briefing papers, and reports. These students and working professionals are referred to as "interns," "detailees," and "Congressional fellows," and provide valuable additional assistance to the Subcommittee staff. During the second session of the 98th Congress, the following universities, administrative agencies and foundations were represented, on the Subcommittee staff: Duke University, the University of Southern California, University of Alabama, Dartmouth University, University of Washington, the Office of Inspector General, the U.S. Postal Service, the General Accounting Office, and the Robert Wood Johnson Foundation.

The following report is an effort to summarize in greater detail the issues explored by the Subcommittee through various investigative, administrative, legislative, and oversight techniques available to it during the second session of the 98th Congress.

Deadly cold: Health hazards due to cold weather

At the beginning of the second session of the 98th Congress, the Subcommittee undertook an examination of the problem of cold weather and the elderly. Cold weather is the most important environmental health hazard for the elderly outranking air pollution and hazardous exposures.

Unfortunately the death toll due to cold weather is increasing each year. For this reason, Chairman Claude Pepper and Ranking Minority Member Ralph Regula asked the Subcommittee to begin to examine the problem.

The investigation led to a hearing and an information paper that examined the issue of cold weather and its implications for older Americans. The report reviewed hidden and previously unexplored problems of cold weather for the elderly.

The report concluded that over 60,000 lives are lost annually to the problems associated with cold weather in the United States. Most of these deaths are attributed to cardiovascular failure in individuals over the age of 65.

The steady increase in deaths related to cold weather has been noted in the United States for generations. There are several common types of heath hazards associated with cold weather, These include hypothermia, fires, carbon monoxide poisoning, influenza, pneumonia and other infectious diseases.

The Subcommittee found that there is little in the organized, public response to the problems caused by cold weather. The evidence suggest that a vigorous and coordinated public health effort be developed to curb this increasing problem.

Since the hearing and the release of the report, the Subcommittee recommended tht the National Oceanic and Atmospheric Association (NOAA) develop a national health weather warning system, especially for the elderly. The NOAA developed an operational weather/health warning system capable of 1.) generating warnings

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base on current/forecast weather data and 2.) producing mortality assessments based on past/current weather data. This system is to be fully operational by December 1, 1984.

On November 14, 1984, the president of the American Gas Association, the Federal Council on Aging and the U.S. Department of Health and Human Services, presented a report on heat and cold stress prevention. The cornerstone of the project is close cooperation between the local gas company and the Area Agency on Aging in weaving together dozens of aging, health care, social service, and community volunteers who convey the information of safe energy conservation and the prevention of health and cold stress to individual consumers.

Crisis in health care

During the 98th Congress, the Subcommittee was instructed to review the benefit structure and solvency problems facing Medicare and to determine an appropriate federal response. In the latter part of March, 1984 the Subcommittee on Health and Long-Term Care convened a hearing on "Crisis in Health Care: The Pennsylvania Perspective" at the David G. Neuman Senior Center in Philadelphia, Pennsylvania. Previously, hearings had been held by the Subcommittee in California, New York, New Mexico, Texas and Ohio. The conclusion was that our health care system is in a state of crisis.

Testimony revealed that elements of the problem were clear. The United States is confronted with projections that the Medicare Hospital Insurance Fund will be bankrupt within 4 years.

In addition, seniors now spend as much of their income for health care as they were spending in 1965, when Medicare was adopted—approximately 20%. Over the last few years, senior's direct costs, that is the Medicare cost sharing and premium benefits, have increased dramatically. The inpatient hospital deductibles and coinsurance amounts under part A have increased about 70 percent since 1980. The part B deductible and premium amounts have increased about 50 percent during the same period.

In Pennsylvania, as in other parts of the country, the Subcommittee heard from witnesses who outlined the dimensions of the health care crisis. The cuts in Medicare have had serious consequences on the health of many elderly people. Similarly, there are problems in the hospital system, long-term care, home health care, mental health care system, and other programs that effect the elderly.

The Pennsylvania hearing concluded that there is a need to structure a comprehensive continuum of care, a long-term care policy, capable of addressing the preventive, acute and chronic health care need of our Nation's citizens. The hearing concluded that we need a health care system which provides more service more efficiently and at less cost.

Building a long-term care policy: Home data and implications

The need for home care in the United States is increasing. The number of dependent persons who are candidates for home care will increase from 3 million today to some 6 million by the year 2000, and 11 million by the year 2040. In addition, it is estimated

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that 20 to 40 percent of the approximately 1.3 million older Americans who reside in U.S. nursing homes on any given day could live in the community if home care services were available.

Total revenues going into home care have increased from $150 million 10 years ago to about $3 billion today. However, this amount is still only about 1 percent of the total U.S. expenditures for health care. We spend $8 to $10 for nursing home care for every $1 we spend for home care. And we spend about $30 billion a year for nursing home care.

It was with these and other serious considerations in mind that the Subcommittee undertook the first national survey of home care in the United States today. The report entitled "Building a Long-Term Care Policy: Home Care Data and Implications", summarizes the findings of that Subcommittee survey. It is the fifth major report to be issued by the Committee in its 10-year history which recommends that a national policy with respect to home care be established. The report restates this conclusion, with the added conclusion that home health care should be expanded. The report reveals valuable data about which services agencies provide, their employees, and costs.

In addition, the report summarizes the findings of a General Accounting Office study requested by the Chairman to develop a prospective payment system for home health agencies participating in the Medicare program.

Using a formula that is outlined in the report the GAO developed rates at each of the percentiles for skilled nursing, physical therapy, occupational therapy, speech therapy, medical social services and home health aide visits. In addition to national data, GAO broke all of this data out by region. In another variation, GAO provided data both for home health agencies located in standard metropolitan statistical areas as well as in non-standard metropolitan areas, (i.e., rural areas).

The findings of the Subcommittee's report were released in conjunction with the Annual Conference of the National Association of Home Care in Boston.

Assessment of the implementation of the Diagnosis Related Groups (DRG's)

The Subcommittee convened a hearing entitled "Assessment of the Implementation of the Diagnosis Related Groups in New Jersey Hospitals" in March of 1984 in Blackwood, New Jersey, for the purpose of exploring the impact that the new DRG system is having on hospitals in New Jersey.

In 1978, New Jersey became a pacesetter for the Nation, by establishing a new system for paying for hospital care. Specifically, that system is the prospective payment system which reimburses after care is provided.

Most experts on cost reimbursements have been critical of traditional systems of reimbursements, or those systems that pay for the costs incurred no matter how high the costs might be. The prospective payment system was developed to encourage more efficient and better run hospitals.

In 1983 the Congress and the Administration agreed to implement a prospective payment system for hospitals under Medicare.

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The model that was used was a variation of the New Jersey system. For this reason, a hearing was held by the Subcommittee on Health and Long-Term Care on the assessment of the implementation and the impact of the prospective payment system for hospitals in New Jersey.

The hearing revealed some of the significant differences between the national system and the New Jersey system. It also revealed important information on issues of cost savings, the impact on quality of care and the relative effectiveness of DRGs as a reimbursement methodology.

Alzheimer's disease

Alzheimer's disease—a progressive degeneration of the brain cells that control thought—affects 5 percent to 15 percent of the elderly population of the United States (1.2 million to 4 million).

In January of 1984, during the first session of the 98th Congress, an information paper was prepared for the use of the Subcommittee on Health and Long-Term Care. The information paper is composed of ten chapters, including valuable information on the problem of Alzheimer's, the cause, and treatment of Alzheimer's.

The paper reveals important infcrmation on the financing of treatment for Alzheimer's disease, and offers a guide for families of victims and concludes with an extensive bibliography.

As the report indicates, almost the entire burden of the disease—financial as well as emotional—is borne by the families of those afflicted. For many it is a fate more fearful than cancer. In the words of Dr. Robert Terry, one of the leading Alzheimer's disease researchers, "all diseases are depersonalizing to some extent. But you are still human. You can still respond to pain, anger, to hunger, to whatever and you're still thinking. But a person with a serious dementia is no longer human. He is a vegetable. That's devastating, fearsome, terrifying to anyone who has ever seen it.

On June 14, 1984, H.R. 5863 was introduced to begin to address this problem. This bill provides for the establishment of 20 regional centers for the treatment of Alzheimer's disease and similar disorders. These Alzheimer's treatment centers will be responsible for providing a central facility for the diagnosis, evaluation, and counseling of patients and families of those afflicted with this disease. They will also develop standards of care, provide training for professionals and nonprofessionals in the diagnosis and treatment of Alzheimer's, and develop cost-effective methods for treatment of the Alzheimer's victim.

Status of continuing disability reviews: Social Security disability cutoffs controversy

In late April, 1984 a joint hearing was held between the Subcommittee on Social Security, Committee on Ways and Means, and Subcommittee on Health and Long-Term Care, Select Committee on Aging. The Subcommittees held the hearing to examine the present status of the social security disability review process.

The hearing reveals that during the past three years, over one million disabled workers have had their continuing eligibility reviewed and 45 percent of them have been told they are no longer eligible for benefits. This determination, has often been made erro-

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neously. Nearly two-thirds of those who appeal these terminations have their benefits restored after enduring a lenghtly appeals process. This process of review, benefit disruption, and legal review represents a serious emotional and physical threat to millions of disabled Americans and their families.

The hearing reveals many stories of disabled people who have lost their homes, their cars, and the access to essential medical treatment. Faced with these hardships, it is not uncommon for recipients to suffer exacerbation of their original impairments, and severe psychiatric problems. There were also reports by the Dade County Epilepsy Foundation that there was a 60 percent increase in the severity and frequency of epileptic seizures among their members who received termination notices. It was also documented that there was incidence of suicide immediately after receipt of such notices.

In conclusion, the hearing reveals four major issues. First, the effect of the present procedures on disability recipients; second, the growing pressure on the states to implement their own administrative procedures for this program in defiance of federal policy guidelines; third, the inadequacy of administrative initiatives to resolve this crisis, and fourth, the critical importance of immediate legislative attention.

In March of 1984 the Subcommittee held a field hearing in springfield, Ohio concerning the current problems in the disability review process.

The hearing briefly outlines the history of the disability law and its changes; and then reveals the tragedy of those disabled people taken off social security disability, oftentimes inappropriately.

Quackery—A $10 billion scandal

In May, 1984, the subcommittee convened a hearing and released a report entitled, "Quackery: A $10 Billion Scandal". The report marks the culmination of an intensive four-year review of quackery and its impact on the elderly. The inquiry it reflects was initiated after a series of hearings by the House Select Committee on Aging concerning frauds against the elderly.

The Subcommittee estimates the cost of quackery—the promotion and sale of useless remedies promising relief from chronic and critical health conditions—exceeds $10 billion a year. The sort of quackery in human terms, measured in disillusion, pain, relief forsaken or postponed because of reliance on unproven methods, is more difficult to measure, but nonetheless real. All too frequently, the purchaser has paid with his life.

Of 200 quack products reviewed by the Subcommittee more than 75 percent were found to be dangerous or potentially dangerous; less than 5 percent provide any benefit whatsoever.

Because of the enormity of the problem Mr. Pepper introduced three bills to help curb medical frauds. One bill would amend the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, and title 18 of the United States Code to increase criminal penalties for those who knowlingly sell or offer for sale unsafe or ineffective drugs, medical devices and medical treatments. This legislation will serve to place penalties in proper relation to the potential harm posed by fraudulent health remedies.

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A second bill would create a clearinghouse for consumer health education and information within the National Library of Medicine. This clearinghouse will provide a data base on the efficacy, comparative cost, and possible side effects of drugs, medical devices and treatment including proven and unproven remedies, for the American consumers.

Third, the Chairman is calling for the creation of a strike force on health quackery, to coordinate the efforts of those federal agencies responsible for curbing the sale and promotion of fraudulent health remedies.

Technology and the aging: Rationalizing or rationing

The Subcommittee met in March of 1984 to examine some of the critical issues that face the Nation today with regard to medical technology and the impact on escalating health care costs.

The hearing reveals that during the past 20 years, there have been remarkable improvements in the health of our population. The death rates have declined over 20 percent. Stroke, one of the most feared disease of the elderly has decreased by almost 50 percent.

These great improvements in health are due largely to the prevention of disease; new technologies and better medical care.

Advancements in health care, however, have been very costly. National health expenditures have increased twelvefold; $26.9 billion in 1960 has expanded to $322.4 billion in 1982. The greatest increase has been for hospital care, primarily due to inflation, new life-saving technology, not primarily to more people being admitted to the hospital or staying longer than before the medicare program began.

At least 25 percent of the increased cost of health care is due to the use of new technologies such as CAT scanners, coronary bypass surgery, hip joint replacements, and laser therapy.

The hearing revealed that health costs will continue to increase because of new technology, increase in the aging population and the increasing number of physicians. The fear is that due to these increases we may soon reach a point where health care will have to be rationed. Procedures such as renal dialysis, cancer chemotherapy, and rehabilitation, as well as certain costly medical and surgical procedures, may have to be limited to those who can pay rather than those who need care.

Several important points were revealed. One, that there are great differences in the frequency in which surgical procedures are done in the United States, and in comparison with other countries.

Two, that the risk of dying after some complex surgical procedure is different in certain hospitals and is related to the frequency in which the procedure is performed, suggesting that regionalization of certain technology may save lives and reduce costs.

Three, that careful evaluation of new technology can save up to 15 to 20 percent of total health costs, $50 billion to $60 billion a year could therefore possibly save lives.

Four, that we must do careful evaluation of all health care technology.

Five, that there is no coherent national policy for the evaluation of new health care technology.

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Progress in controlling breast cancer

In the latter part of the 98th Congress, the Subcommittee on Health and Long-Term Care held a hearing on breast cancer.

The hearing on breast cancer is of particular importance, and is of critical concern to our elderly, especially our elderly women. One quarter of the 35,640 women who died of breast cancer in 1980 were over the age of 75.

Breast cancer is an epidemic in the United States—1 out of every 12 women will get it. Over one and a half million have or have had breast cancer in the U.S. today.

The hearing reveals that in spite of major research efforts the number of new cases of breast cancer, over 115,000 each year, and the number of breast cancer deaths, about 37,000 each year, have not been reduced.

The hearing also points out that a major problem is that less than 20 percent of all women seek preventive screening for early detection of breast cancer, on an annual basis. Most women wait until symptoms express themselves, and by then the prospects for survival are substantially reduced.

One reason, it appears, that so many women do not receive the benefit of new preventive technology is related to their lack of awareness of the procedures. It also appears that this problem is related to the fact that medicare will not pay for most preventive services like early detection of breast or other cancers. Also, a recent subcommittee survey found that the top 50 insurance companies in the United States do not reimburse women for breast cancer screening tests unless they are symptomatic of or have a history of breast cancer in their family, and then it is often too late.

The conclusion of the hearing points out the need for more preventive services; an increased effort to educate women on breast cancer; and increased funding for research.

Legislation was introduced by the Chairman and Members of the Subcommittee in response to this national problem.

Fraudulent medical degrees

On December 7, 1984, the Subcommittee held a hearing on the practice of medicine by unscrupulous individuals who have sought and secured phony medical credentials from foreign medical schools.

For the past seven years, the Committee and the Subcommittee has conducted numerous hearings relating to frauds perpetrated against the elderly, including phony land sales, insurance scams, fraudulent business and investment opportunities and most recently health frauds. One of the most grievous aspects of health frauds uncovered by the Subcommittee relates to the actual practice of medicine by those people with fraudulent medical degrees.

The Subcommittee contacted all State Medical Examiners, reviewed the files of the U.S. Postal Service, interviewed appropriate federal enforcement officials in the public and private sectors, and conducted a hearing to determine how much scams are promoted and what the federal and private response might be to correct this practice.

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In the course of this examination, the Subcommittee found that fraudulent medical credential mills are far from an isolated phenomenon. In some instances federal educational loan programs are subsidizing the $15,000 to $25,000 students are paying for these phony degrees and documents which substantial passage of courses never taken and clinical experience never received.

The Subcommittee will continue to convene hearings in an effort to structure an appropriate response to bring about needed reform.

SUBCOMMITTEE ON HUMAN SERVICES

The Subcommittee on Human Services has as its primary responsibility the overseeing of key federal programs providing social and human services to the elderly, most notably the Older Americans Act and the Social Services Block Grant.

The Subcommittee's task has been to secure the continued availability of programs for the elderly that will assist them in maintaining self-sufficiency and avoid premature institutionalization. Our efforts have focused upon working to avert proposed budget cuts in key programs, as well as identify need for community and institutional-based services. The major federal programs which provide assistance in this area include the Older Americans Act, the Social Services Block Grant, the Community Services Block Grant, the Low-Income Energy Assistance Program, Legal Services Corporation, ACTION agency programs (Older American Volunteer Programs and VISTA) and other programs which serve the social and economic needs of the elderly.

The Subcommittee has an active working relationship with the House Education and Labor Committee as a result of the Chairman's position as a senior member of that Committee. As a result, the Subcommittee has been successful in bringing a number of recommendations on human services to legislative consideration as a result of his dual membership on both Committees.

Consequently, the Subcommittee dedicated a clear majority of its time and energies on the reauthorization of the Older Americans Act from virtually all perspectives. Since 1984 was a reauthorization year for the Act, beginning in late 1983 and throughout 1984, a number of formal activities and informal meetings at the staff level with interested organizations were initiated.

In addition to the Older Americans Act, the Subcommittee conducted a number of activities which centered on securing social and supportive services for the elderly. We continued to identify the related services required by victims of Alzheimers disease, an area of ongoing Subcommittee interest since 1983 when the Subcommittee first conducted a hearing to examine possible causes of the disease.

Older Americans Act

A total of 8 hearings were conducted during the 98th Subcommittee on Human Services.

Congress specifically to receive recommendations on reauthorization of the OAA. The findings and recommendations were converted into legislative proposals, the majority of which were incorporat-

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ed into H.R. 4785, reported from the Committee on Education and Labor on April 28, 1984.

In addition, the Subcommittee also conducted its annual, one-day hearing, with the Full Committee, to assess the impact of the President's proposed FY 1985 budget upon older Americans. Specific attention was focused upon proposals to consolidate the Title III programs and to move the Title V program from the department of Labor to the Administration on Aging.

Title IV Task Force

In addition to the hearings, a task force was convened in September 1983 to specifically examine education and training issues under Title IV of the Act. The intent of the task force was to bring together individuals and organizations from the field, both practitioners and academics, to discuss policy matters related to the reauthorization.

The recommendations of the task force were placed into legislative language, which was presented to the authorizing Committee by the Chairman, who serves on both Committees. A major change in the Title IV language was that proposed by the Ranking Minority Member related on the the training of professionals in assisting victims of Alzheimer's disease. The success of the task force's efforts is best evidenced by the fact that the Title IV language in H.R. 4785 was retained, without modification, in the final bill.

Expansion of supportive services

The Subcommittee also played an active role in promoting the expansion of supportive services under Title III(B). In response to reports from a number of states, the Subcommittee monitored the impact of the DRG system under Medicare and its subsequent impact upon supportive, community-based services under Title III.

The Subcommittee also monitored the impact of the transfer provisions of the 1981 amendments which allowed states the flexibility to transfer OAA funds between service categories. Testimony was provided to the Labor-HHS appropriations subcommittee for its consideration. Findings of this oversight were directly responsible for both authorization increases during the reauthorization process and a $10 million increase in the FY Subcommittee on Human Services 84 appropriations for the Title III(B) program. This was the first increase in funding for this program since FY 1980.

The National Nutrition Survey

As the nutrition programs under Title III(C) remain the most visible and important service provided to seniors under the Act, the Subcommittee completed a national survey, with the assistance of House Information Systems and the Library of Congress, of 1200 congregate and home-delivered meal providers initiated in August 1983.

The purpose of the survey was three-fold: 1) to gather additional information to augment a May 1983 Administration on Aging evaluation of these programs; 2) to assist the Subcommittee in providing information to appropriate committees of Congress in order to assure a "balanced growth policy" for these programs; and 3) to

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expand services under home-delivered meals which serves the neediest of the elderly participating in the Act's programs.

The Subcommittee provided the initial fundings of the survey to a number of congressional committees and members during the reauthorization process. This information assisted the approval of a $5 million increase in funding for home-delivered meals in the FY 1984 Supplemental Appropriations bill, also the first increase in this program since FY 1980. This amount was also retained in the FY 85 Appropriations measure.

The condensed findings of the survey were also included in the Staff Summary of the Act released by the Subcommittee in December 1984. A full report will be jointly released by the Subcommittee and the Food Research and Action Center in January 1985. The report findings will also be disseminated to AoA, participants in the survey and the aging network.

Update of staff summary

The Subcommittee completed an update of its publication, "The Older Americans Act: A Staff Summary" in order to incorporate changes from the 1984 reauthorization. Upon completion, the Subcommittee disseminated the summary to the aging network.

Regulations

The Subcommittee convened a meeting of the aging network to discuss the regulations to accompany the 1984 amendments. In addition, it convened a meeting with AoA officials to discuss promulgation of the regulations and to provide information to AoA officials on issues of importance to the Subcommittee. It is intended that the Subcommittee will also conduct, as usual, a hearing during the comment period on the regulations.

The Subcommittee also convened a similar meeting in 1983 during the promulgation of proposed regulations to the 1981 amendments. Comments were prepared and submitted on behalf of the Subcommittee. Final regulations were never issued and it is expected that many of the issues related to the 1981 amendments will remain an issue on the agenda of the Subcommittee during the comment period on the 1984 regulations.

Legal services

The Subcommittee conducted bipartisan hearings on the impact of proposed regulations by the Legal Services Corporation to assess their impact upon services to the elderly. The hearings resulted in submission of comments to the Corporation and the recommendation that the regulations be withdrawn.

Upon rejection of this proposal, the Chairman and Ranking Minority Member introduced legislation to repeal the regulations. Testimony was presented to authorization and appropriations committees on the impact of the regulations. A national survey was initiated of legal service providers to assess the impact, the findings of which will be used to conduct an oversight hearing early in the 99th Congress.

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Volunteer activities

The Subcommittee monitored volunteer opportunities for seniors provided by programs through the ACTION agency. These include the Older Americans Volunteer Programs and programs operated by VISTA. The Subcommittee was directly responsible for an amendment which expanded the number of senior volunteers in VISTA to include 20 percent of the total volunteers funded by the agency. In addition, the Subcommittee monitored the impact of proposed budget changes on programs and availability of services to senior in communities.

Employment/Pensions

The Subcommittee monitored the impact of the 3 percent set-aside in the Job Training Partnership Act for older workers. Guidance was provided to state and local agencies which administer the program. On-site inspections of job projects were conducted. Recommendations were made to officials on coordination with Title V under the Older Americans Act.

The Chairman participated in hearings by the Labor-Management Subcommittee of the House Education and Labor Committee, which assessed the impact of the Equal Employment Opportunities Commission's proposed rules to allow the accrual of pensions for workers over the age of 65. This hearing was an outgrowth of the Committee's May 1982 report on the same subject. Comments were provided to the EEOC in order to facilitate the promulgation of regulations in this matter.

The Chairman also participated in hearings held at his request by the Subcommittee on Employment Opportunity of the House Education and Labor Committee, on mandatory retirement and age discrimination. Special attention was focused on the issue of mandatory retirement and exemption for tenured college faculty. A number of legislative proposals were reviewed.

The Subcommittee was also responsible for the adoption of a program to provide model centers in vocational education for older Americans as part of the reauthorization of the Vocational Education and Labor Committee. This proposal was based on legislation introduced in the 98th Congress by Aging Committee member William Ratchford and was subject of a hearing by the Education and Labor Committee on Elementary and Secondary education, of which the Chairman was a member.

Grandparents right to visitation

The Subcommittee continued its efforts to secure more uniform state laws which allow grandparents to visit grandchildren after divorce of parents. This was a follow-up to the Subcommittee's two hearings on this subject in December 1982 and April 1983. Legislation was passed by the House to direct the National Commission on Uniform State Laws to adopt a model code. Companion legislation was approved by the Senate Judiciary but failed to be approved by the full Senate prior to adjournment.

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Veterans issues

The Subcommittee explored legislative options to assist aged veterans and to better coordinate veterans and other social services with communities in order to avoid duplication. A hearing was conducted to assess the impact of the Veterans Administration's major report on health care needs of veterans in the coming decade. A number of legislative proposals were advanced to expand Alzheimer services in VA hospitals by the Ranking Minority Member. Formal comments were solicited from the VA on coordination of VFA and non-VA aging services at the community-based level, with special emphasis on services under the Older Americans Act.

Prescription drug costs

The Subcommittee conducted a hearing on Chairman's legislative proposal to assist the elderly with drug payments, recognizing the impact of such costs on those with fixed incomes. Subcommittee also conducted a 50-state survey to received comments on drug payment proposal, the findings of which will be used to draft similar legislation in 99th Congress.

Elder abuse

The Subcommittee completed a major report on elder abuse as a follow-up to the 1980 report published by the Full Committee which first brought the subject to national attention. The report included the findings of a 1982 survey conducted by the Subcommittee on shelters for victims of family violence on the level of services provided to the elderly. The report also summarized major legislative actions accomplished since the 1980 report and the four hearings conducted by the Committee during the 96th Congress. Finally, the report also surveyed the literature on the subject and made federal, state/local and private sector recommendations, with specific attention to national incidence study required of HHS as a result of Child Abuse Prevention and Treatment Amendments of 1984.

The genesis for the report was the two major legislative accomplishments in this area in the 98th Congress initiated by the Chairman. The first was the passage of the Family Violence Prevention and Services Act, which provides services to victims of elder abuse as well as requires a national incidence study to assess the scope and magnitude of the problem.

The second legislative accomplishment was the inclusion of language allowing services to victims of elder abuse through area agencies on aging as part of the Older Americans Act reauthorization. Both these programs mark the first legislative response since the Committee first revealed the problem in 1979.

Suicide and the elderly

As part of a national conference on suicide and suicide prevention, Subcommittee conducted a hearing on the problems of suicide and the elderly, and the lack of critical supportive services which stress prevention at the community-based level. Comments were received on legislative proposal to convene a national conference on suicide prevention strategies for individuals of all ages.

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Pets and housing

The Subcommittee monitored the implementation of the provision in the Omnibus Housing Bill of the 98th Congress which contained Subcommittee-sponsored provision to allow elderly and handicapped to have pets in federally-subsidized housing. This was the first legislative achievement in this area since the Subcommittee first became involved in the issue in 1977. The Subcommittee actively worked with Department of Housing and Urban Development to develop regulations to implement this provision. Guidance was provided to housing and legal services officials nationwide on the impact of the proposed change in statute.

Related projects

The Subcommittee continued to provide guidance and information to aging network officials, Members of Congress and Subcommittee on Human Services and the media on matters related to the aged. Information obtained by the Subcommittee was disseminated on a regular basis to interested parties through the Subcommittee's 3500-name mailing list. Staff actively participated in meetings and conferences convened by related organizations and maintained an ongoing dialogue with key aging policy officials nationwide on matters related to the Subcommittee's jurisdiction.

SUBCOMMITTEE ON HOUSING AND CONSUMER INTERESTS

This Subcommittee is responsible for studying and developing policy recommendations to meet the housing and consumer problems faced by older Americans.

Consistent with its responsibilities, the Subcommittee oversees the implementation, by the Executive Branch, of a wide variety of Federal programs within its jurisdiction. One of the major housing programs that receives Subcommittee attention, the Section 202 direct loan program for the elderly and handicapped, has produced over 100,000 units of rental housing since its inception in 1974. However, it has been the public housing and Section 8 programs that have produced over 1.2 million units of low-income housing for older persons. Other major Federal housing programs serving the elderly include: the congregate housing services program and the mortgage insurance programs administered by the Department of Housing and Urban Development; the Section 504 and Section 515 programs administered by the Farmers Home Administration in the Department of Agriculture; and the veterans' loan guarantee program administered by the Veterans Administration.

Because of the close interrelationship between energy problems faced by senior citizens and other housing and consumer concerns, the Subcommittee also oversees the low-income energy assistance and weatherization programs administered by the Department of Health and Human Services and the Department of Energy respectively.

Subcommittee involvement with consumer issues is largely focused on the activities of the Federal Trade Commission, the Consumer Product Safety Commission and the Food and Drug Administration. It is these three agencies that are charged with implementing the major consumer protection laws affecting the elderly

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during the 98th Congress. Over the past year, the Federal Communications Commission has received special attention by the Subcommittee because of new regulatory policies increasing the rates paid by consumers for telephone services as the result of deregulation of the industry. The Subcommittee also examines consumer-oriented problems encountered by the elderly in utilizing Federal programs such as Medicare.

Section 202 elderly housing

Under the Section 202 program, the federal government makes direct loans to private, nonprofit sponsors to use in developing housing that is specifically designed to meet the needs of the low-income elderly and handicapped. Construction financing as well as permanent financing is provided by the program. A Section 8 rent subsidy is made available for each unit of Section 202 housing to assure that rents will be affordable to low-income persons. Section 8 income limits are set at 50 percent of the area median income levels. By law, tenants pay no more than 30 percent of their income for rent. Eligible Section 202 tenants include single people who are 62 years of age or older or who are handicapped, and families whose head or spouse is 62 or older or handicapped.

Over the years the Section 202 program has become the most visible federal financing vehicle for building rental housing for older persons that will enable them to remain self-sufficient and independent in our society. The program has been targeted to meet the unique needs of the elderly and handicapped by incorporating congregate space and special design features such as non-slip floors, lower shelves and emergency call systems into the projects. These projects satisfy more than the need for shelter by offering a supportive environment where social, physical and emotional needs are met without jeopardizing independence.

Nonprofit sponsors are required to compete for the limited funds Congress makes available annually for Section 202 projects. Funds are allocated to each HUD area office for merit-based competition. Thus, in order to secure a Section 202 loan, the 202 sponsor must compete with other Section 202 applicants across the country for limited funds. Approximately one of five proposals is actually selected for funding. Applications are accepted once a year, usually in the spring, and the awards are announced in September. The nonprofit sponsor usually works with a development team consisting of a housing consultant, architect, attorney, and contractor. Sometimes this development team includes a management firm although many sponsors manage their own facilities.

On April 11, 1984 the Subcommittee held a hearing to review HUD's administration of the Section 202 program. The hearing was held in response to concerns expressed by aging and housing constituencies about the growing inability of the Section 202 program to function, as Congress intended, under current HUD policies. HUD was asked to provide the Subcommittee with testimony that historically reviewed Section 202 program operations focusing on specific program problems and Departmental efforts to resolve them. The panel of private sector witnesses following HUD discussed and presented data regarding the appropriateness of HUD policies affecting the Section 202 program. They also proposed addi-

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tional policies to improve the program's effectiveness and efficiency.

In preparing for this hearing several elderly housing experts raised special concerns about the process used by HUD to select Section 202 projects for funding. At the hearing, Chairman Bonker announced that he was requesting the General Accounting Office (GAO) to 1) determine whether the selections system in palce was conducive to the efficient selection of sponsors on a merit basis, and 2) examine allegations that 1983 project selections had been based upon political considerations rather than merit.

Prior to 1983, all Section 202 funding applications were rated and ranked by HUD's area offices, then sent to the HUD central office in Washington, D.C. for final selection. Final selections were based upon the area office ranking, with consideration also given to national goals in the funding of rural, handicapped and minority-sponsored applications. Under the new selections system, imposed in 1983, project applications have been rated by the area offices then transmitted to the 10 HUD regional offices where they again have been rated on the same criteria. At this time the Regional Administrator could choose to assign a rating of up to 10 additional points per application for the project's "overall feasibility". The regional office then ranked the proposals in order of preferred funding and submitted these recommendations to HUD central where final selections were made.

On October 31, 1984 the Subcommittee held a hearing to receive the results of the GAO study. The following is a summary of their findings and recommendations which the Subcommittee is now considering.

1. HUD was quite successful in its goal of shifting responsibility away for the field offices to the regional offices but there was no evidence that the regional selection process had any positive effect.

2. The shift to a regional selection system reduced program accountability.

3. No documentation was required or provided in 1983 for regional changes to field office scores.

4. Information used by the regions in reviewing applications was inadequate.

5. Score changes at the regional level altered rankings resulting in selections that probably would not have otherwise been made.

6. In 1984 minimal changes were made by HUD to the revised selection system which are inadequate to deal with the problems uncovered by GAO.

7. The retention of funds for projects selected by Headquarters for funding from the Secretary's discretionary fund led to "an appearance of favoritism and exertion of influence in project selection."

8. GAO recommended that: "If HUD believes that some oversight of the field office selection process is desirable at the regional level, then HUD should establish clear standards for such oversight, provide that the regional office have adequate information with which to perform this oversight; and require full documentation for any regional office actions altering the decisions made in the field offices. Analogous procedures and documentation requirements should also be applied to the Secretary's discretionary fund."

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Along with its evaluation of HUD management and selections procedures, GAO provided Chairman Bonker with a sealed package of information regarding potential criminal violations involving conflict of interest, fraud and conspiracy that were discovered in the course of their investigation. This information was referred to the Federal Bureau of Investigation (FBI) for further action. An official probe is currently underway.

Telephone rate increases

On June 30, 1983, the Subcommittee held a hearing entitled "Telephone Services and the Elderly". An additional hearing was held on this subject on August 11th in Chehalis, Washington by Chairman Don Bonker with Congressman Ron Wyden of Oregon. Witnesses at these two hearings included representative of the nation's major elderly groups and consumer organizations, the Federal Communications Commission (FCC), the telephone industry, State Public Utility Commissions and other state officials.

The purpose of these hearings was to gather information about the possible adverse effects that the current restructing of the telephone industry, by the Federal courts and the FCC, may have on older Americans. Through these proceedings and additional research, the Subcommittee learned the following information.

(1) A significant proportion of older Americans are dependent upon the telephone to meet their basic daily living needs. An increase of $5 to $10 in local monthly rates could be devastating to the 25 percent of the elderly population with incomes at or below the official poverty level. According to one New York Times Poll, 50 percent of the elderly believe they would be forced to give up telephone service if local rates were to double.

(2) There is a lack of accurate, understandable information about the changing telephone system available to consumers of all ages.

(3) Many nonprofit and voluntary organizations serving the elderly are dependent upon low-cost local telephone service. These organizations, including the nation's 660 area agencies on aging, churches, senior centers and educational institutions, could be forced to reduce the level of services they now provide.

On November 3, 1983, the House Energy and Commerce Committee reported H.R. 4102, the Universal Telephone Service Preservation Act of 1983. The bill's provisions were: to eliminate the FCC's monthly access charge on residential consumers and small businesses; to establish a Universal Service Fund to help keep local service affordable in rural and other high-cost areas; and to require State Public Utility Commissions to establish "lifeline" rates for low-income residential customers.

Because H.R. 4102 effectively addressed the major problems uncovered by the Subcommittee during its study of telephone issues, Chairman Bonker worked closely with the authorizing committee to assure passage of the bill. The chairman called a meeting of elderly organizations to enlist their support of the legislation. Shortly thereafter, a press conference was called to emphasize the support of the American Association of Retired Persons, the Gray Panthers, the National Council of Senior Citizens, the Older Women's League and others for H.R. 4102. A Dear Colleague was circulated to House members discussing the Subcommittee's findings and its

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recommendation that H.R. 4102 be enacted. Although the bill passed the House on November 10, 1983, it was not approved by the Senate during the 98th Congress.

In late 1983, the Subcommittee staff, in cooperation with American Association of Retired Persons, began drafting an information booklet entitled "Five Ways to Cut Your Phone Costs". The Subcommittee has received requests for more then 50,000 copies of the booklet since it was published in October 1984. The Subcommittee staff has also begun to work on the development of a model rate structure that can be used by local consumer groups to analyze and evaluate the need for rate increases pending before their state Public Utility Commissions.

Medicare consumers

Older Americans have a limited amount of money to spend on health care. While the Medicare program is often referred to as a comprehensive solution to the health care financing problems of the elderly, its benefit package is not comprehensive. Costsharing, in the form of copayments and deductibles, has always been a part of the Medicare structure. Several necessary benefits have never been available. in response to these gaps in coverage, private health insurers offer supplemental, or medigap, insurance.

Despite the joint efforts of the Federal government and the private sector, the average Medicare consumer is currently no better off than in 1965, when Medicare was enacted. Health care cost of the elderly not paid by Medicare have steadily increased as a percentage of total annual income. Today these costs are at the pre-Medicare level of 20 percent. Medigap premiums have risen annually in amounts greatly exceeding the general rate of inflation. Equally as serious, joint Medicare/private insurance efforts have resulted in a system of health care financing for older Americans that is difficult to administer and complex for both consumers and providers to understand.

In previous years many members of the Aging Committee have recommended the expansion of Medicare coverage, now provided by Medigap insurers, at no additional cost to beneficiaries. The purpose of such expansion was twofold. First, older citizens would be guaranteed the coverage they need but may not be able to afford. Second, the complexity of the system would be greatly reduced, thus reducing administrative costs and burdens for consumers, providers and government. Unfortunately, the impending financial problems of Medicare's Hospital Insurance Trust Fund and uncontrolled health care inflation make benefit expansion unrealistic. In response to this dilemma, the Subcommittee has explored several alternatives for improving the situation of Medicare consumers. Its goal was the development of a legislative recommendation that would reduce the complexities of the Medicare program and pro vide beneficiaries with the broadest possible coverage for the limited dollars they have available. A recommendation was developed and introduced by Subcommittee Chairman Bonker in legislative form, H.R. 4487, to the House of Representatives in November 1983.

H.R. 4487 would expand Medicare by offering its beneficiaries two supplementary medical insurance (SMI) options. The first

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option would allow beneficiaries to purchase more comprehensive coverage of services under Medicare parts A and B. The second option would permit beneficiaries to buy coverage for outpatient prescription drugs used in the treatment of chronic illnesses.

The premium for the two new SMI options would be calculated to reflect the actual cost of benefit coverage. Thus, there would be no cost to the Federal government. Because of the Medicare program's low administrative costs, the combined premium amounts for the two options would be lower than Medicare beneficiaries now pay for more limited Medigap coverage from private sector insurers. In summary, elderly health care consumers would pay less for benefits they need and the administrative burdens of the present system could be greatly reduced by the bill.

At the request of the Committee on Ways and Means, Chairman Bonker testified before the Committee on September 13, 1984 to outline the provisions of H.R. 4487.

In 1984 the Subcommittee held two hearings to explore the problems faced by Medicare consumers. The first hearing was requested by Congressman Thomas Ridge and held in Farrell, Pennsylvania on July 30, 1984. Congressman Robert Wise of West Virginia also attended and chaired the hearing. The second hearing was requested by Congressman Mark Siljander and was held in Niles, Michigan on June 8, 1984. Congressman Tom Lantos of California also attended and presided over the proceedings. This hearing focused specifically on the problems seniors face in seeking and paying for home health services.

Homeless older Americans

On May 2, 1984 the Subcommittee held a hearing to examine the problem of homelessness among older Americans. An additional hearing on this subject was chaired by Congressman William Hill Boner in Nashville, Tennessee on August 11, 1984. Witnesses at these hearings included representatives of the Conference of Mayors, the Department of Health and Human Services, the Department of Housing and Urban Development, the American Psychiatric Association, and a variety of nonprofit and local organizations.

Although available data is inconclusive, it is currently estimated that 500,000 to 2 million citizens are homeless. While generally acknowledged to be significant, no figures have been developed indicating the percentage of homeless that are elderly.

Accompanying the growth of the nation's homeless has been a change in its composition. Although older men still represent a significant proportion of the homeless population, the "homeless" no longer fit this one basic stereotypic description. Today they include men and women of all races and ages with a wide variety of problems. Older men have been joined by two other major groups. The first group—the newly unemployed—is characteristically similar to the "hobos" of the 1930's. The second group is really unique to our times—the chronically mentally ill who have been released from mental hospitals as a result of our changing attitudes and policies regarding the extent to which institutionalization is necessary for the treatment of mental illness.

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In the late 1950's over 550,000 citizens lived in state and local mental institutions. In the two decades following 1960, more than 500,000 individuals were released from those institutions. It also has been estimated that a similar number were refused voluntary hospitalization. At present, state and local mental hospitals house approximately 135,000 people. Many of the deinstitutionalized have now become "street people" because their abrupt release from confinement was not accompanied by an expansion of appropriate housing, health, mental health and other support service programs that are essential to their ability to function in a noninstitutionalized setting.

The rapid growth of the homeless population and the diversity of their problems has resulted in the expanded involvement by all levels of government and the private sector in meeting their needs. To date federal policy has focused primarily on the immediate requirements for food and shelter. The purpose of the Subcommittee hearings was to review:

(1) the extent and causes of homelessness among older Americans;

(2) the adequacy of current private and public sector efforts in meeting the short-term food and shelter needs of homeless older Americans;

(3) the ability of existing private and public sector activities and programs to meet, in a coordinated fashion, the long-term housing, health, mental health and other needs of the homeless; and

(4) recommendations for changes and additions to federal housing policy that could provide long-term as well as short-term assistance to the elderly homeless.

As a result of the hearings the Subcommittee learned that:

1. there is an increasing demand for Federal Emergency Management Agency (FEMA) funds;

2. FEMA criteria allocating food and shelter funds to geographic areas with the highest rates of unemployment may be inappropriate. Additional criteria may be needed to reflect other causes of homelessness.

3. homeless individuals fail several statutory/regulatory barriers in qualifying for participation in federal public assistance programs (SSI, social security disability, food stamps, assisted housing, Medicaid); and

4. there is a lack of suitable, permanent, low-income housing arrangements, and necessary services, for homeless older Americans with health and/or mental health problems.

Federal housing programs

The Subcommittee worked extensively with aging and housing organizations, as well as the House and Senate Committees authorizing Federal housing programs, to achieve enactment of a comprehensive housing bill that was sensitive to the needs of older Americans. A bill was signed into law (P.L. 98-181) on November 30, 1983. Several of the new law's provisions are of particular importance to the elderly.

(1) Funds were authorized in amounts sufficient to support 14,000 units of Section 202 housing for the elderly and handicapped.

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(2) Statutory adjustments were made to reduce the impact of relatively new provisions of law requiring assisted housing tenants to pay 30 percent of their adjusted income for rent. In calculating adjusted income, a $400 deduction will be allowed for any elderly family and medical expenses in excess of 3 percent will be deductible.

(3) A fiscal year 1984 authorization of $4 million was provided for the congregate housing services program.

(4) HUD regulatory requirements for competitive bidding of Section 202 construction contracts was significantly scaled back. Other types of regulations that HUD has the discretion to impose in administrating the Section 202 program were more clearly defined.

(5) HUD was prohibited from selling Section 202 mortgages in the secondary market. Earlier in the year HUD was forced to cancel plans to sell 109 of these mortgages after strong bipartisan opposition from Members of the House Select Committee on Aging and the House Committee on Banking, Finance and Urban Affairs. The Subcommittee played a leadership role in this effort.

(6) Section 8 existing and moderate rehabilitation funds were authorized for use in assisting the elderly who elect to live in shared housing arrangements. Legislation on this subject was authored and advanced by former Subcommittee Chairman Roybal and Congresswoman Mary Rose Oakar.

During the month of December, the minority staff took the lead in developing a detailed summary of the provisions of Public Law 98–181 that relate to the housing needs of older Americans. This summary was distributed to Subcommittee members and staff.

Housing alternatives

Shortages of affordable and appropriate housing are serious problems for many older persons who live on modest retirement incomes and oftentimes have health conditions that make it difficult for them to live without some assistance. New alternatives to fulfill the unique housing needs of senior citizens and handicapped persons are beginning to receive attention. These alternatives include shared housing arrangements, accessory apartments and "ECHO" housing, often referred to as granny flats.

Shared housing, or shared living as it is sometimes called, is a living arrangement in which two or more unrelated people live together, each having their own private space, but sharing common spaces, such as the living room, kitchen, dining and laundry facilities. Often discussed as another form of shared housing, accessory apartments are independent living units with their own kitchen, within single-family homes.

ECHO is the acronym for "Elder Cottage Housing Opportunity". It refers to small, free-standing, barrier free, energy efficient, and removable housing units that are installed adjacent to existing single family homes. This concept originated in Australia where the units are called "granny flats".

Research and hearings conducted by the Subcommittee in previous years indicated that the greatest impediment to the development and use of these three housing alternatives was local zoning restrictions. Within the last two years several communities have adopted more permissive zoning ordinances.

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In 1983 the Subcommittee held two hearings on the subject of alternative housing arrangements. The purpose of these hearings was to update the Subcommittee on the progress made in local communities in encouraging the use of innovative housing arrangements and to ascertain whether Federal involvement is needed to stimulate and direct activity in this area.

The first of the Subcommittee's two proceedings was held in Portland, Oregon at the request of Congressman Ron Wyden. Chairman Bonker presided over the hearing. Because of Portland's close proximity to the State of Washington, testimony was received of witnesses from both Oregon and Washington representing the aging network, local government, Portland's shared housing program and private developers.

The Subcommittee's second hearing on this subject was held in Erie, Pennsylvania at the request of Congressman Thomas Ridge. Congressman Robert Wise of West Virginia also attended and chaired the hearing. Witnesses included individual citizens, the American Association of Retired Persons, local housing officials, area agencies on aging, the Shared Housing Resource Center and the Veterans Administration.

The following are the major points regarding alternative housing arrangements that were made at the Subcommittee's two hearings:

(1) Local zoning restrictions are still discouraging the development of shared housing arrangements, accessory apartments and ECHO housing in many areas of the country.

(2) The development of altenative housing arrangements alone will not meet the special housing requirements of the elderly. Other flexible and comprehensive programs are needed to facilitate the construction of new housing and the rehabilitation, repair and alteration of existing housing for older Americans in virtually all income categories.

(3) Housing efforts need to be coordinated with expanded programs of community-based support and health services.

Home equity conversion

Eighty percent of the approximately 12.5 million homes occupied by older Americans are owned free and clear. For the majority of these homeowners, the equity they have accumulated in their homes represents their single largest asset, their major lifetime investment. With few exceptions, these individuals have been unable to take advantage of the equity in their homes while still living in them. Home equity conversion plans are being developed to help homeowners convert the value of their home into income.

Information collected by the former Subcommittee Chairman Roybal in the 97th Congress indicates that, although this method of producing income for eligible homeowners is promising, its application could pose serious consumer problems.

In cooperation with Chairman Roybal, the Subcommittee reviewed the need for (1) Federal legislation to more clearly define the tax treatment of one type of home equity conversion, the sale-leaseback arrangement, and (2) a demonstration program that would be implemented by the Department of Housing and Urban Development. After several discussions with the appropriate committees of jurisdiction, the Subcommittee concluded that enactment

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of any home equity conversion measures should be delayed until this complex issue area is more carefully explored through the hearing process.

At the request of Congressman George C. Wortley, the Subcommittee convened its first hearing on home equity conversion in Mattydale, New York. Congressman Stan Lundine was also present and chaired the hearing. It was the first proceeding held on this subject by the House of Representatives. The purpose of the hearing was to develop an overview of the potential benefits and drawbacks of home equity conversion that would serve as a base for future Subcommittee investigations. A variety of perspectives on home equity conversion were offered by representatives of aging and consumer organizations, realtors, bankers, academicians, the director of the Home Equity Living Plan, Inc., of Buffalo, and state and local officials.

The Subcommittee and the Senate Special Committee on Aging are sponsoring a briefing on the concept of home equity conversion on January 28, 1984. Members of the House of Representatives and the Senate, House and Senate staff and representatives of consumer, aging, housing and lending organizations have been invited to attend. The scheduled panelists are experts in the field of home equity conversion. They will present a summary of their written presentations at the conference. The written papers will be published in the form of a Committee print in March 1985.

Congregate housing services

While many senior citizens may not need supportive services upon entering a Section 202 or a public housing project, as they age and become more frail their need for additional assistance increases dramatically. The congregate approach to this need facilitates the provision of semi-assisted living for older persons who residen in such projects by providing meals and minimal support services, such as housekeeping and personal care assistance. Thus, independence and dignity among older persons is encouraged.

The Congregate Housing Services Act, passed in 1978, authorized HUD to award grants to public housing authorities and Section 202 housing sponsors to provide nutritious meals and supportive services to partially impaired elderly and handicapped persons, allowing them to remain in their own dwellings and out of expensive institutions. These 3 to 5 year grants require supplemental funding from other community sources to support the delivery of services. The law prohibits the duplication of existing services and sets up a procedure for coordinating services through the local area agencies on aging.

Over 63 congregate housing projects have been funded by the Congress. By 1985 the Secretary of the Department of Health and Human Services must submit a report to Congress evaluating the cost and effectiveness of the program. Preliminary data collected by HUD indicates that the program is improving the quality of life for older persons and saving Medicare and Medicaid dollars. Included in the report will be an analysis of the impact that the 1983 decentralizing of HUD's administration of the program may be having on congregate housing services program grantees. Language requiring this analysis was mandated for inclusion in this report

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by P.L. 98-181. It was written in response to official objections to decentralization voiced by the Subcommittee Chairman Bonker and Full Committee Chairman Roybal as well as several other members of the Select Committee on the House Committee on Banking, Finance and Urban Affairs.

The congregate housing services program is currently the only Federal program that attempts to provide and coordinate the housing and support/health services needs of the elderly. Because the program is limited to those individuals living in Section 202 and public housing projects, the Subcommittee is evaluating additional cost-effective mechanisms for meeting these needs among the entire population of older Americans. In late 1984 the Subcommittee began planning for hearings on this subject.

Low-income energy assistance weatherization

Recordbreaking cold temperatures throughout the nation have placed numbers of older Americans in life threatening situations as they struggle to pay their hearing bills and conserve fuel. The Subcommittee has sought to encourage Congressional support for a level of funding for low-income energy assistance (LIEAP) and weatherization programs funding adequate to meet the needs of the elderly.

LIEAP provides federal grants to States who in turn make financial assistance available to low-income households with home energy costs that are excessive in relation to household income. The law specifically requires that priority be given to households with a member who is aged or handicapped. It has been estimated that a minimum of 39 percent of the program's participating households have at least one elederly family member.

On June 8, 1984 the Subcommittee held a hearing on low-income energy assistance needs among the elderly in Niles, Michigan at the request of Congressman Mark R. Siljander. Congressman Tom Lantos of California was also present and chaired the proceedings.

Hearing aids

An overwhelming number of hearing aids that are sold in this country are sold to older Americans. The Federal Trade Commission (FTC) became involved with the hearing aid industry in the mid-1970's when serious complaints were received about deceptiveness and unfairness in the sale of hearing aids. A Hearing Aid Rule has been under FTC consideration since 1978. Because the period of consideration has been so lengthy, the Subcommittee requested a complete set of memoranda and reports prepared by FTC staff on this issue so that the need for Subcommittee investigation of hearing aid industry practices could be evaluated. The requested information has been received and reviewed by the Subcommittee staff. Additional information is now being gathered on current sales practices by the hearing aid industry.

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